



IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

ENTERED
12/07/2016

IN RE:
ATLAS ACQUISITIONS LLC, *et al* §
§ MISC. CASE NO. 16-00302
§
§

ORDER RESOLVING SHOW CAUSE ORDER ISSUED AGAINST
JH PORTFOLIO DEBT EQUITIES, LLC
(Relates to Docket Numbers 2 and 41)

Came on for consideration the *Order to Show Cause* (the “Show Cause Order”) issued on February 8, 2016 under the above-referenced miscellaneous case number against, in part, JH Portfolio Debt Equities, LLC (hereinafter “JH”). The Court, finding that the terms set forth herein resolve the concerns raised in the Show Cause Order with regards to JH, hereby enters the following Order.

Stipulations by JH Portfolio Debt Equities, LLC and the Chapter 13 Trustee

JH and David Peake, the Chapter 13 Trustee (“Chapter 13 Trustee”) make the following stipulations in connection with this matter:

JH has provided the Chapter 13 Trustee with supporting documents evidencing the debt set forth in the proof of claim filed on behalf of JH in the case referenced in the Order to Show Cause, to wit - Christopher Boutte case, Bankruptcy Case Number 15-34939 in the Houston Division of the Southern District of Texas.

JH has provided the Chapter 13 Trustee with information and documents relating to the claims filed by JD Receivables on behalf of JH in the eighty-nine (89) proofs of claim have been

filed on its behalf in eighty-four (84) bankruptcy cases in the Southern District of Texas within the four (4) years preceding the Order to Show Cause.

After the filing of the proofs of claim in the eighty-four (84) cases, some of the cases were dismissed or a discharge order was docketed and those cases are now closed. JH has identified four (4) bankruptcy cases, which have been fully administered and closed, in which it received disbursements on its claims in Southern District of Texas cases. Of these four (4) cases, one (1) consisted of a case filed under Chapter 13 in which a discharge was issued and three (3) consisted of cases filed under Chapter 7 in which discharges were issued. JH withdrew its proof of claim in the Chapter 13 case and refunded the \$25.15 disbursement to the Chapter 13 trustee assigned to the case. With regard to the Chapter 7 cases, JH provided has provided the Chapter 13 Trustee in the above-styled matter with supporting documentation evidencing the debts.

JH has provided the Chapter 13 Trustee with proof that it has withdrawn all proofs of claim filed on behalf of JH in active cases pending in the Southern District of Texas within the four (4) years preceding the Order to Show Cause. At the time that the JH claims were withdrawn, there were no pending objections to any of those claims.

Representations by JH Portfolio Debt Equities, LLC

JH makes the following representations to the Court in connection with this matter:

JH represents that, as of the date of the Show Cause Order, all of the proofs of claim filed on behalf of JH in the Southern District of Texas were filed by JD Receivables LLC ("JD Receivables") acting as agent for JH. JH has not filed any proofs of claim in the Southern District of Texas on its own or through any third-party vendors other than JD Receivables through the date of the Show Cause Order.

As set forth in the Response (Docket #75) filed in this matter by Mr. Jeff Dunn, the owner of JD Receivables LLC, Mr. Dunn avers that he was operating under the mistaken belief that the loans fell within Rule 3001(c)(3) of the Federal Rules of Bankruptcy Procedure and otherwise filed the claims in good faith but without the advice of counsel.

JH represents that, given the limited time between the date of the Show Cause Order and the hearing in this matter that was originally scheduled for April 28th, JH was unable to take the necessary steps to retain a new vendor to amend the claims that had been filed by JD Receivables on its behalf. Therefore, prior to the April 28th hearing, JH made the business decision to withdraw the proofs of claim filed on its behalf by JD Receivables in active cases in the Southern District of Texas to avoid any delay to the administration of any active bankruptcy estates. JH represents that it has, since the issuance of the Show Cause Order, retained a different vendor to provide bankruptcy-related services. JH also represents that has revised and expanded its internal bankruptcy policies and procedures. JH represents that it has revised and will continue to revise its policies and procedures to safeguard against the recurrence of any similar instances such as the ones brought to light in this matter. JH represents that it has undertaken additional measures, including but not limited to the following, to safeguard against the recurrence of any similar instances:

- (a) JH has heightened its scrutiny of and evaluation process for retention of third-party bankruptcy service vendors;
- (b) JH has revamped its evaluation process in connection with review of any bankruptcy-related services performed on its behalf by third-party vendors;

- (c) The JH compliance and vendor management staff has familiarized itself with the documentary requirements for proofs of claim so that it may better independently evaluate the services being provided by third-party vendors;
- (d) JH has engaged the services of outside compliance counsel to assist in the continuing development of quality control and compliance measures; and
- (e) JH has engaged the services of counsel licensed in the Southern District of Texas to represent it in this matter and to assist in the continuing development of quality control and compliance measures.

JH has, in connection with the submission of this Order, provided the Chapter 13 Trustee with an affidavit executed by Terri Haley, who is employed by JH as its Vice President of Compliance, attesting that JH has undertaken the above-referenced compliance measures.

IT IS, THEREFORE, ORDERED that JH Portfolio Debt Equities, LLC has satisfied the Court's inquiry into the proof of claim filed on behalf of JH in the Christopher Boutte case, Bankruptcy Case Number 15-34939 in the Houston Division of the Southern District of Texas that was referenced in this Court's *Order to Show Cause* (the "Show Cause Order") issued on February 8, 2016.

IT IS FURTHER ORDERED that JH Portfolio Debt Equities, LLC shall be diligent in its efforts to abide by the requirements set forth in the United States Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Bankruptcy Local Rules for the Southern District of

Texas, and the General Orders effective in the Southern District of Texas, in connection with the filing of proofs of claim in the Southern District of Texas.

IT IS FURTHER ORDERED that JH Portfolio Debt Equities, LLC shall require any vendors providing it with bankruptcy-related services to abide by the requirements set forth in the United States Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Bankruptcy Local Rules for the Southern District of Texas, and the General Orders effective in the Southern District of Texas, in connection with the filing of proofs of claim in the Southern District of Texas.

IT IS FURTHER ORDERED that JH Portfolio Debt Equities, LLC shall provide, or shall cause any entity filing proofs of claim on its behalf to provide, supporting information as required under Rule 3001(c) of the Federal Rules of Bankruptcy Procedure when filing proofs of claim in the Southern District of Texas.

IT IS FURTHER ORDERED that JH Portfolio Debt Equities, LLC shall ensure that any policies or procedures adopted in connection with the filing of proofs of claim comply with the Federal Rules of Bankruptcy Procedure.

IT IS FURTHER ORDERED that JH Portfolio Debt Equities, LLC is hereby released from this Court's *Order to Show Cause* (the "Show Cause Order") issued on February 8, 2016.

SO ORDERED.

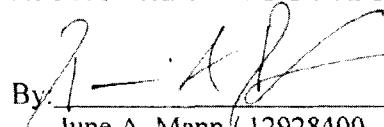
SIGNED: 12/7, 2016.



HONORABLE MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE

APPROVED AS TO FORM AND SUBSTANCE:

By:



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David Aaron DeSoto / 00790585

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ATTORNEYS FOR JH DEBT EQUITY PORTFOLIO, LLC

By:

(See attached)

Dinorah Gonzalez / 24029580

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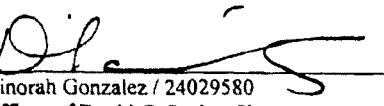
713/852-9085 (Facsimile)

ATTORNEY FOR DAVID G. PEAKE, CHAPTER 13 TRUSTEE

APPROVED AS TO FORM AND SUBSTANCE:

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